



WASHOE COUNTY

Integrity Communication Service

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CM/ACM	<u>RA</u>
Budget	<u>RA</u>
Comptroller	<u>RA</u>
DA	<u>—</u>
Risk Mgt	<u>—</u>
HR	<u>—</u>
Other	<u>—</u>

STAFF REPORT BOARD MEETING DATE: May 9, 2017

DATE: 4/14/17

TO: Board of County Commissioners

FROM: Robert Andrews, Accounting Manager
328-2557, randrews@washoecounty.us

THROUGH: Cathy Hill, Comptroller
328-2563, chill@washoecounty.us

SUBJECT: Acknowledge Receipt of the Interim Financial Report for Washoe County Governmental Funds for the Nine Months Ended March 31, 2017 - Unaudited (All Commission Districts)

SUMMARY

The attached report is submitted to provide information regarding the County's financial operations by reviewing activity for governmental funds, excluding component units, for the nine months ended March 31, 2017. Financial activity for the General Fund is also provided.

Strategic Objective supported by this item: Stewardship of our community

PREVIOUS ACTION

Unaudited interim financial reports are provided to the Board quarterly, in addition to the audited comprehensive annual financial report for the fiscal year ending June 30.

BACKGROUND

Governmental Funds include the General Fund, which is the County's primary operating fund and accounts for resources and operations that are not required to be accounted for in other funds due to restrictions on funding sources or activities imposed by legal, policy or reporting conventions, fourteen special revenue funds, two debt service funds and four capital projects funds. Significant variances between the years are discussed, as are budget to actual variances.

FISCAL IMPACT

There is no fiscal impact in acknowledging receipt of the report of the County's current financial position.

RECOMMENDATION

It is recommended that the Board of County Commissioners acknowledge receipt of the Interim Financial Report for Washoe County Governmental Funds for the Nine Months Ended March 31, 2017 - Unaudited.

POSSIBLE MOTION

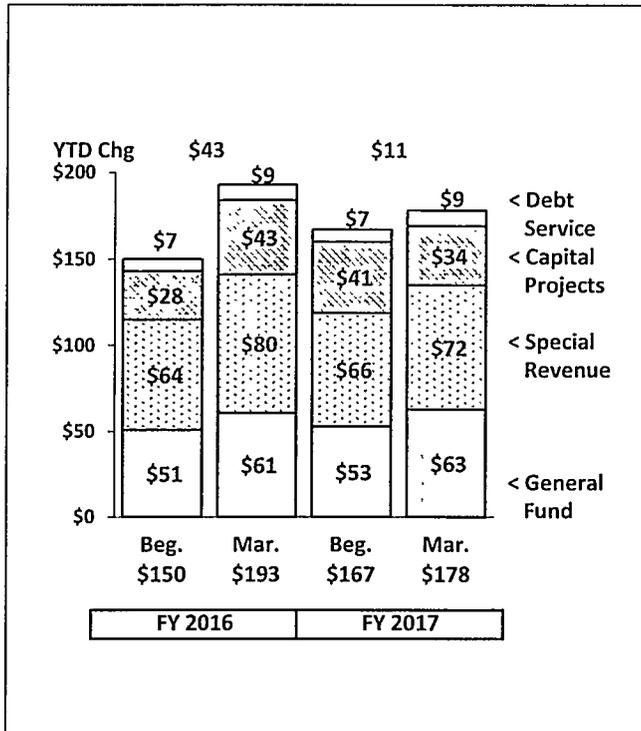
Should the Board agree with staff's recommendation, a possible motion would be to "move to acknowledge receipt of the Interim Financial Report for Washoe County Governmental Funds for the Nine Months Ended March 31, 2017 – Unaudited."

Washoe County Other Governmental Funds – Fiscal Year 2016/2017

Interim Financial Report for the Nine Months Ended March 31, 2017 - Unaudited

All \$ in Millions unless otherwise noted.

GOVERNMENTAL FUND BALANCE



- **Total Governmental Fund Balances** increased \$11 million year-to-date and decreased \$15 million year over year.
- Fund balances for **Capital Project** funds decreased from the prior year by \$9 million primarily due to spending of the proceeds from debt issuance for the Medical Examiners building project, received in the prior year.
- Fund balance in the **General Fund** increased \$2 million from prior year due primarily to decreases in services & supplies and capital partially offset by increases in salaries and benefits. Fund balance increased \$10 million year-to-date (FY17) due to increases in tax and intergovernmental revenue and decreases in services and supplies expenditures.
- Fund balances for **Special Revenue Funds** increased \$6 million year-to-date due to increased transfers from the General Fund to the Indigent Tax Levy Fund partially offset by increases in expenditures of \$23 million.

REVENUES AND EXPENDITURES (GOVERNMENTAL)

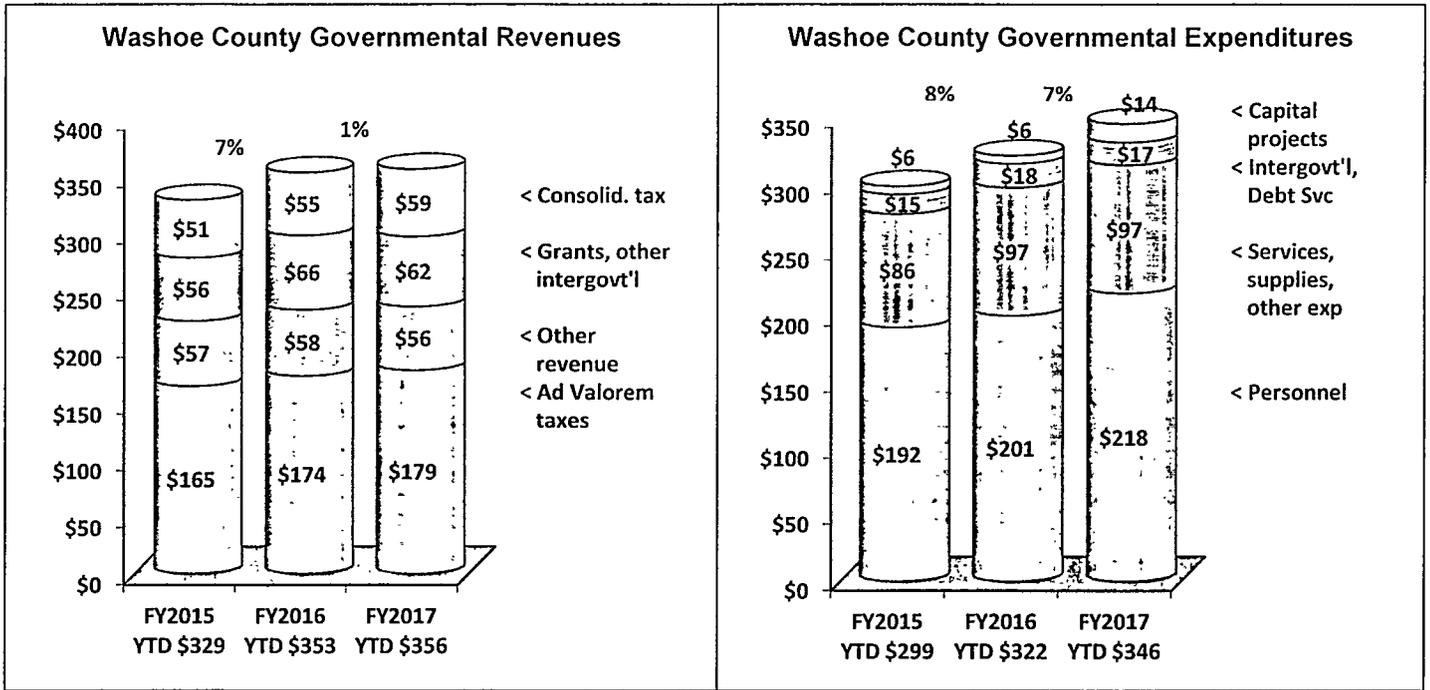
Total Governmental Revenues increased \$3 million (1%) over prior year, led by increases in Ad valorem and Consolidated taxes. Ad valorem taxes are up \$5 million (3%) over prior year after the fourth distribution of real property taxes. Consolidated taxes have been received for the month of January and are up \$4 million (7%) over prior year. Grant and other intergovernmental revenue have decreased \$4 million from prior year due to timing of grant billings, primarily in the Child Protective Services Fund.

Total Governmental Expenditures increased \$24 million or 7% over prior year. Personnel costs increased \$17 million or 9% over prior year due to increases in salaries and benefits expense primarily in OPEB contributions and other group insurance costs. Capital projects expenditures have increased \$8 million over the prior year due to the Medical Examiner's building project. Services, supplies and other expenditures have remained flat when compared to the prior year.

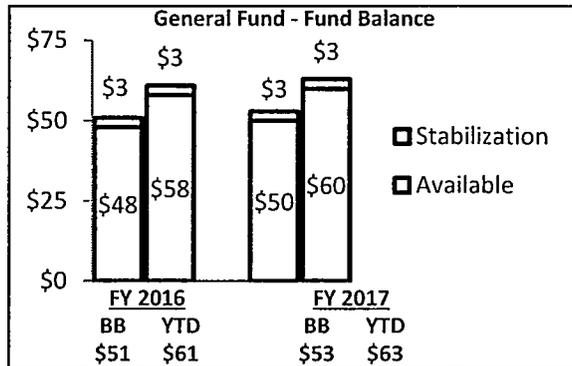
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GENERAL FUND



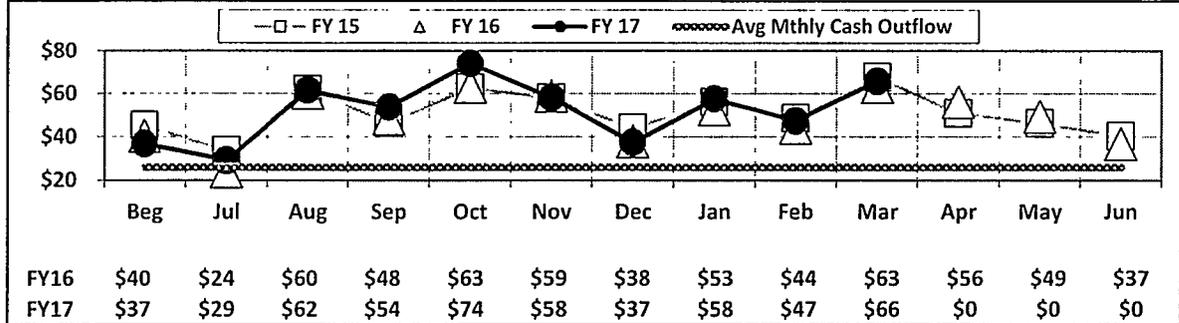
- General Fund - fund balance increased \$10 million year-to-date. The General Fund includes a \$3 million balance for stabilization which is not available for general operations. The Board of County Commissioners, on April 28, 2015 reduced the amount of stabilization funds to a fixed \$3 million from the previous policy of 1.5% of expenditures and other uses.
- The available portion of cash balance (Trend of Available Cash) is \$3 million higher than prior year. The available cash portion of fund balance excludes cash held for stabilization and funds held as deposits in the Courts and other departments.
- The cash balance continues to be monitored during low points in July and August before the first distribution of property tax is received at the end of August.

Washoe County Other Governmental Funds – Fiscal Year 2016/2017

Interim Financial Report for the Nine Months Ended March 31, 2017 - Unaudited

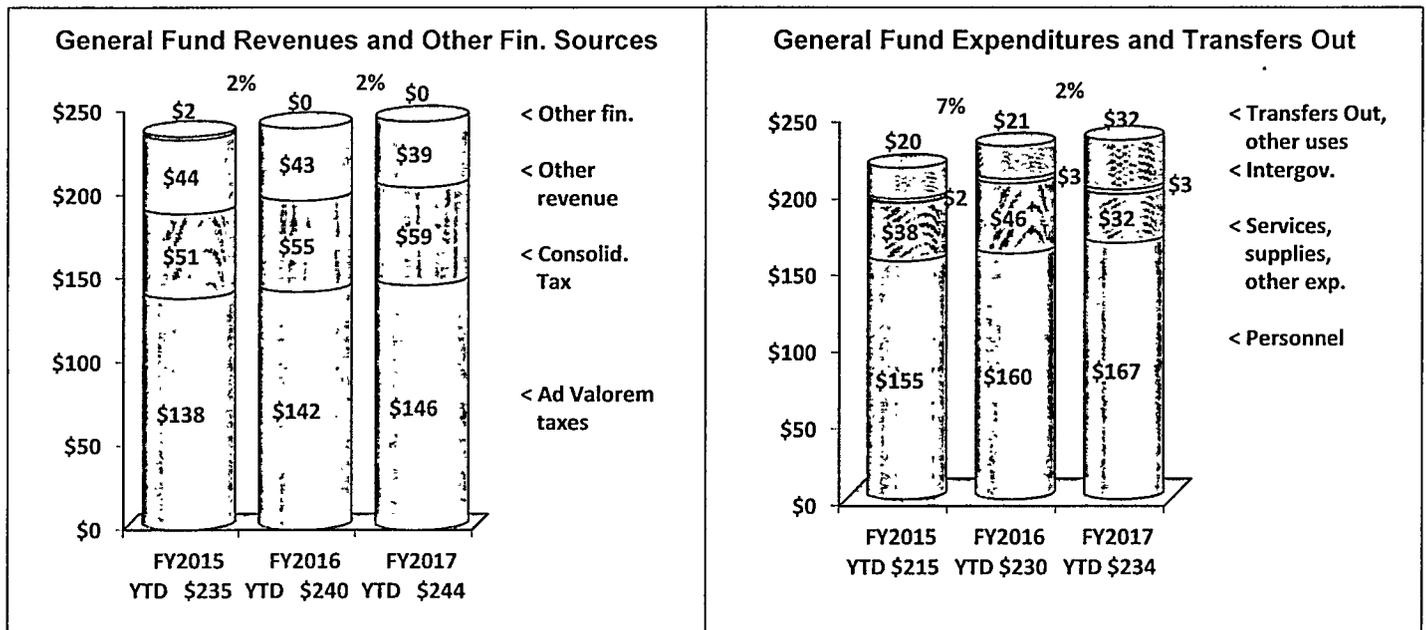
All \$ in Millions unless otherwise noted.

Trend of Available Cash – General Fund



REVENUES, EXPENDITURES, AND OTHER FINANCING (GENERAL FUND)

- Revenues and other financing sources are up \$4 million or 2% over prior year. Ad valorem taxes increased \$4 million or 3% after the fourth real property tax distribution. Consolidated taxes increased \$4 million or 7%. These increases were partially offset by decreased unrealized investment earnings to the General Fund of \$3 million. Expenditures plus transfers out have increased \$4 million over prior year led by increased transfers out of the General Fund and Personnel costs.

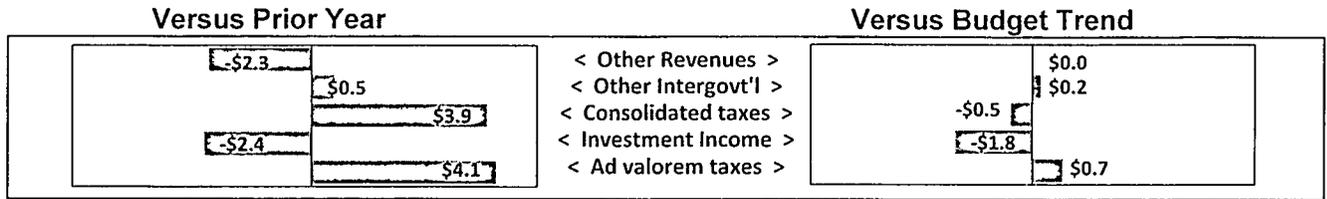


Washoe County Other Governmental Funds – Fiscal Year 2016/2017

Interim Financial Report for the Nine Months Ended March 31, 2017 - Unaudited

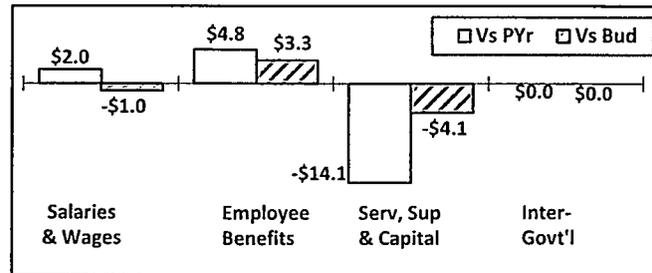
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KEY CHANGES IN REVENUES (GENERAL FUND)



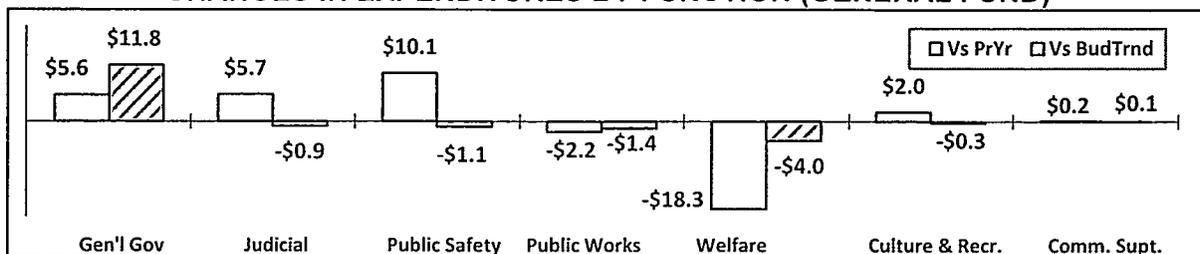
- **Consolidated taxes** have been received for the month of January and are 7% or \$3.9 million ahead of prior year.
- **Ad valorem taxes** are 3% or \$4.1 million over prior year.
- **Other revenue** has decreased 8% or \$2.3 million from prior year due primarily to decreases in overhead reimbursements.
- **Investment income** decreased 118% or \$2.4 million due to rising interest rates causing increased unrealized losses in pooled investments.

CHANGES IN EXPENDITURES BY CATEGORY VERSUS PRIOR YEAR AND BUDGET TREND (GENERAL FUND)



- Personnel costs are above prior year due to cost of living adjustments and increased health benefit costs.
- Services, supplies and capital outlay costs are below prior year due to decreased payments to other agencies as payments to Child Protective Services are now coming from the Indigent Tax Levy Fund.

CHANGES IN EXPENDITURES BY FUNCTION (GENERAL FUND)



- Expenditures increased from prior year for General Government, Judicial, Public Safety, and Culture and Recreation functions. The increases are primarily due to higher personnel costs. The Welfare function's decreased due to payments to other agencies-Child Protective Services being made from the Indigent Tax Levy Fund instead of the General Fund.

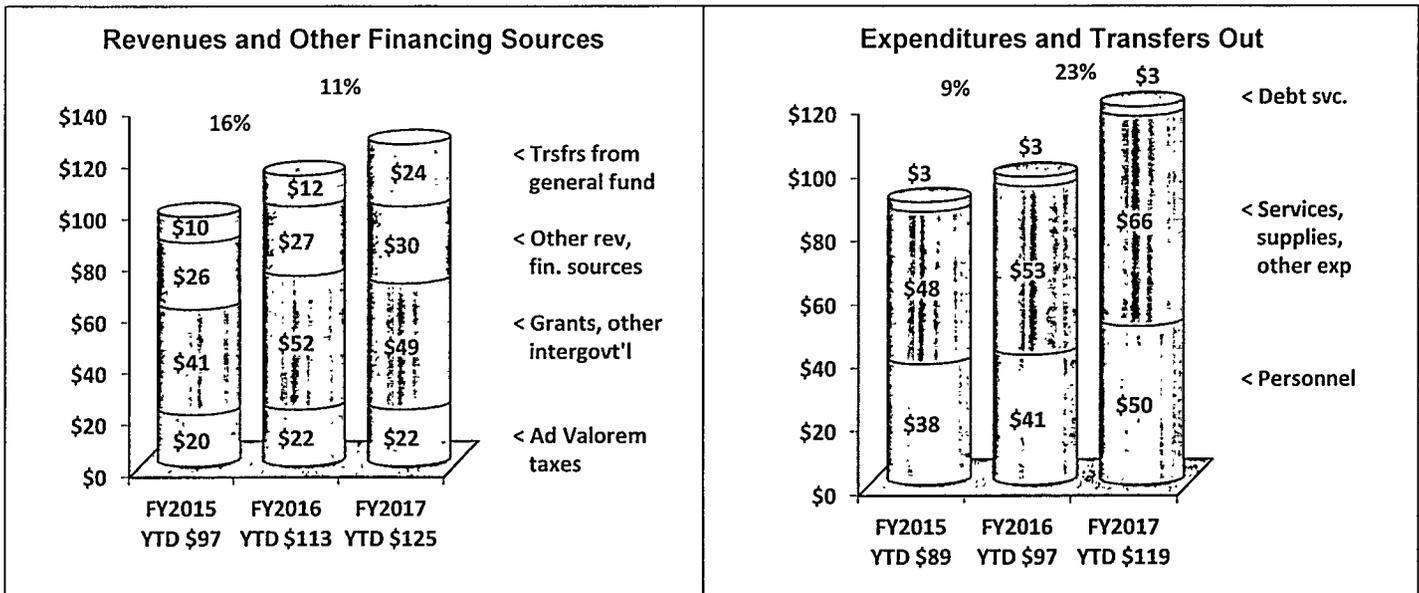
Washoe County Other Governmental Funds – Fiscal Year 2016/2017

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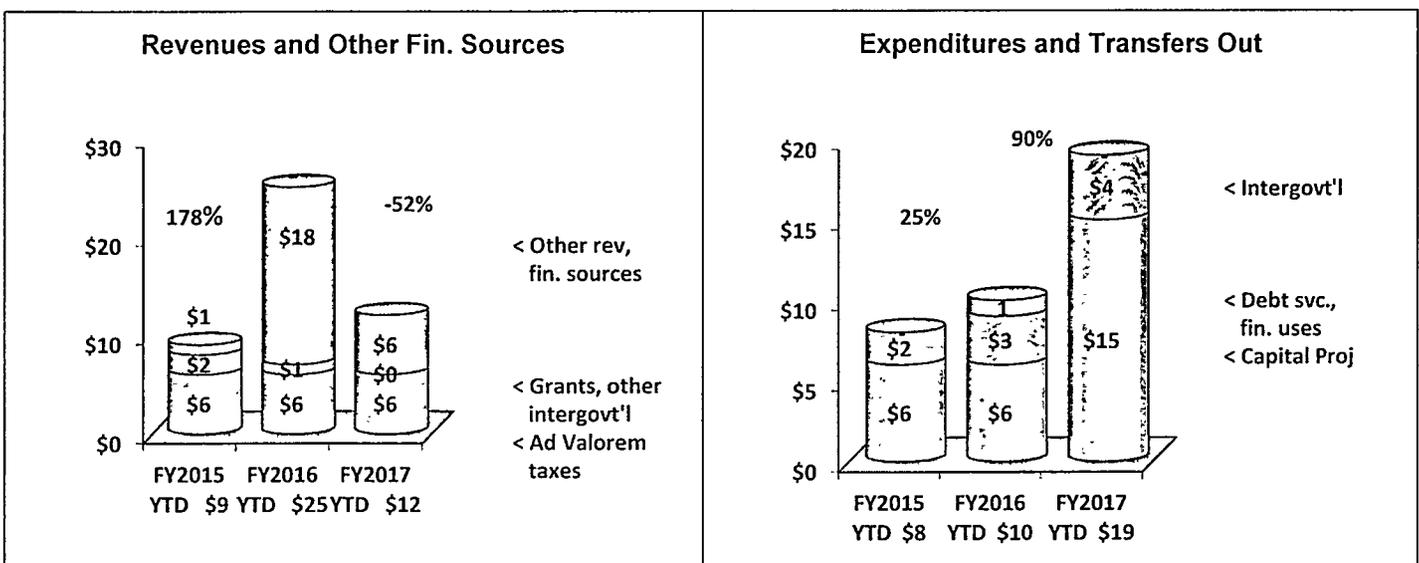
SPECIAL REVENUE FUNDS

- Revenues and other financing sources are 11% or \$12 million higher than prior year, primarily due to transfers from the General Fund to the Indigent Tax Levy Fund, improved timing of grant reimbursement requests and reimbursements from the Indigent Tax Levy Fund for Child Protective Services.
- Expenditures plus transfers out increased 23% or \$22 million over prior year due to increase in payments to other agencies for Child Protective Services, and the Truckee River Flood Management Authority and personnel costs.



CAPITAL PROJECTS FUNDS

- Revenues and other financing sources have decreased 52% or \$13 million from prior year due to proceeds from debt issued for the Medical Examiners building project received in FY 2016.
- Expenditures plus transfers have increased \$9 million due to activity on the Medical Examiner's building.



Washoe County Other Governmental Funds – Fiscal Year 2016/2017

Interim Financial Report for the Nine Months Ended March 31, 2017 - Unaudited

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BUSINESS TYPE FUNDS

Note: To provide better comparative figures, Water Operations for the Utilities Fund was excluded from the analysis.

Operating revenue increases in the Utilities Fund is due to increased Sewer Charges and Reclaimed water. Operating expense decrease for Utilities is due to a new process for treatment and disposal of waste activated sludge and timing of Utility projects. The Golf Course Fund operating expense increase is due to a \$1.7 million bad debt expense per the settlement and release agreement with the professional management services contractor, for Washoe Golf Course, approved by the BCC, on December 13, 2016. Building and Safety operating expenses increased due to increased personnel costs. The non-operating loss in all Funds is due to unrealized losses on pooled investments.

\$ in thousands					
	Budget	YTD	Pr. Year YTD	YTD versus	
				Budget	Pr. Year
Utilities					
Operating Revenue	\$ 13,813,547	\$ 11,114,053	\$ 10,423,110	80%	7%
Operating Expense	(15,922,236)	(7,901,955)	(8,556,838)	50%	-8%
Operating Income/(Loss)	(2,108,689)	3,212,098	1,866,272	152%	72%
Capital Contributions	3,890,000	4,466,319	3,216,787	115%	39%
Nonoperating/Other	317,375	(562,672)	1,015,752	177%	-45%
Change in Net Assets	\$ 2,098,686	\$ 7,115,745	\$ 6,098,811	339%	17%
Golf Course					
Operating Revenue	\$ 1,280,000	\$ 754,759	\$ 882,598	59%	-14%
Operating Expense	(921,822)	(2,195,904)	(760,406)	238%	189%
Operating Income/(Loss)	358,178	(1,441,145)	122,192	402%	1079%
Nonoperating/Other	10,300	(2,950)	12,375	29%	-76%
Change in Net Assets	\$ 368,478	\$ (1,444,095)	\$ 134,567	392%	973%
Building & Safety					
Operating Revenue	\$ 3,300,000	\$ 1,988,573	\$ 2,100,556	60%	-5%
Operating Expense	(3,453,109)	(1,983,090)	(1,660,413)	57%	19%
Operating Income/(Loss)	(153,109)	5,483	440,143	4%	-99%
Nonoperating/Other	30,000	(12,788)	36,059	43%	-65%
Change in Net Assets	(123,109)	(7,305)	476,202	6%	-98%